

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

EDVIN RUSIS, HENRY GERRITS, PHIL
MCGONEGAL, and DAVID HO ENG,
individually and on behalf of all other similarly
situated individuals,

Plaintiffs,

v.

INTERNATIONAL BUSINESS MACHINES
CORP.

Defendant.

1:18-cv-08434 (DAB)

DECLARATION OF MARIA LIPNER

I, Maria Lipner, declare as follows:

1. I have worked at International Business Machines Corporation (“IBM” or the “Company”) since 1986. My current position is Vice President, Global Sales Incentives in the Finance & Operations group. In this role, I lead a unit that handles the design, planning, and administration of sales incentive plans for IBM sellers.

2. I make this declaration based on my personal knowledge and based on my familiarity with and personal review of IBM’s business records as described below. If called as a witness, I could and would competently testify to the facts contained here.

3. I am currently 56 years old and am competent to make this declaration.

4. During my career at IBM, I have worked in various financial planning and operations roles. In 2014, I joined the Finance & Operations group as a Vice President of Commissions; in this role, I was responsible for a team that administered sales commissions plans for IBM sellers. In June 2015, I became head of Global Sales Incentives; this was a new

unit which combined the Commissions organization that I had been leading with three other, related organizations: Coverage & Territory, Quota Transformation, and Sales Design. The managers and teams from each of these organizations started reporting to me.

5. The combined Global Sales Incentives unit is responsible for designing how IBM sellers will be compensated, assisting in planning seller coverage and territory assignments, developing the quotas against which sellers are compensated, and then calculating compensation for IBM sellers.

6. Historically, the process of calculating sales quotas and incentive compensation for IBM sellers was very time-intensive and involved several separate programs that did not communicate well with each other. When I became responsible for the combined unit, we started developing and implementing a plan to integrate, transform, and automate the sales incentive process end to end. I also looked to eliminate any redundancies between the four organizations and streamline the workflow.

7. One of the organizations that was brought into Global Sales Incentives, Quota Transformation, was already exploring different ways to automate the quota development process. Ms. Carmel, who led the Quota Transformation team at the time, had approximately 25-30 employees reporting to her. One of the employees reporting to Ms. Carmel was Yong (Jonathan) Han.

8. Under the reorganization in 2015, Ms. Carmel became my direct report and I became the second line manager for Mr. Han.

9. This declaration is not intended to be a complete recitation of my knowledge of the details surrounding Mr. Han's employment with or separation of employment from IBM, but offers certain details.

10. Mr. Han was a Band 10 Global Sales Quota Transformation Leader. He, along with several of his Quota Transformation teammates, had been working on the development and roll-out of a target planning tool known as TPT for four or five years. TPT was intended to help finance and global sales teams global calculate sales goals for each client for each period.

11. I quickly learned that, even though TPT had been available for use by the finance and global sales teams, it was not being widely utilized, except in Europe and Japan. Many of the IBM finance and global sales teams refused to use TPT because it did not tie to finance control totals, was manual-labor intensive in that users had to repeatedly copy and paste within the tool, and ultimately lacked the interlock between the projected sales by client and the territory or account assignments of the sellers that they needed to establish individual seller quotas. These flaws created challenges for the teams trying to develop sales quotas and increased both the amount of time needed to calculate the quotas and the risk of error.

12. As Vice President of Global Sales Incentives, I had to evaluate the costs and benefits of different ways of automating quota calculations. TPT cost IBM millions of dollars every year, yet the global sales teams were deriving very little value from it. It would also have been very difficult to modify TPT to fit into the new automated workflow we were developing. I ultimately decided to replace TPT with a new tool called the Budget Interlock Module (“BIM”).

13. We conducted a pilot of BIM in North America in July 2018. Because that pilot was successful, we decided that all of the finance and global sales teams would use BIM instead of TPT when calculating quotas for January 2019.

14. Replacing TPT meant that the handful of employees who supported TPT needed to either move to the BIM team or find new work. However, unlike TPT, work on BIM required employees to have expertise in finance, commissions, analytics, and sales coverage. Some of the

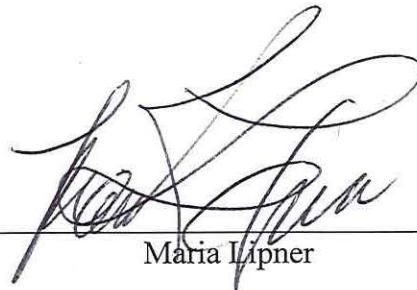
employees who worked on TPT had the necessary skills, so they became part of the new BIM team. Others, however, did not, and needed to look for a different position at IBM.

15. Mr. Han, as one of the employees who had been dedicated to TPT, was impacted by the switch from TPT to BIM. Although Mr. Han had some knowledge of finance, he did not have any experience in commissions, analytics, or sales coverage, which made him a poor fit for the BIM team. Ms. Carmel, Mr. Han's manager, informed him that he needed to find another position at IBM or separate from the Company as part of an individual restructuring. Because he was not able to find another position, Mr. Han's last day at IBM was October 9, 2018.

16. I do not know Mr. Han's age, nor do I know the ages of any other current or former employees in my reporting chain. Employee ages played no part in my decision to replace TPT with BIM. I concluded that IBM's resources were better spent on BIM because it was far more efficient than TPT.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 17, 2019



Maria Lipner